



IDT America, Corp.
520 Broad Street
Newark, New Jersey 07102

September 18, 2019

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 18-155 – Response to Commission Draft Rule

Dear Secretary Dortch:

By this letter, IDT America, Corp. (“IDT”) respectfully requests that the Commission remove WC Docket No. 18-155 from its September 26, 2019 Open Commission Meeting Agenda so that certain policy decisions and rule changes presented in the Commission’s Draft Order¹ can be reviewed and revised taking into consideration the comments filed with the Commission since the Draft Order’s issuance on September 5, 2019.

IDT is a CLEC, licensed in 45 states and has a (pay-for-service) conference calling business as well. As the telecommunications market has evolved since the introduction (and subsequent elimination of) policies allowing CLECs to compete for residential consumers, competition has increasingly focused on business and institutional consumers. These consumers do not necessarily maintain proportionate levels of originating and terminating calls. In fact, some of these consumers almost exclusively terminate calls. Yet, under the Commission’s proposal, CLECs would be harmed if their termination to origination ratio exceeded 6:1. Having this Sword of Damocles hanging over a service provider’s head is a seemingly untenable position in which to maintain and grow a business: each prospective new customer will need to be evaluated based on its anticipated impact on its provider’s termination/origination ratio. Certain prospective customers (particularly large ones with “unattractive,” disparate traffic ratios) will need to be rejected. Likewise, carriers will need to constantly review their ratios to ensure that compliance is maintained. And what might some carriers resort to if they find themselves close to exceeding the 6:1 ratio? Cut off service to one or more customers? Stimulate call originations to fall within the ratio’s cap? Clearly, there is no good answer

¹ <https://docs.fcc.gov/public/attachments/DOC-359493A1.pdf> (last viewed September 18, 2019.)

other than that the Commission needs to reconsider that a CLEC be deemed to be an access stimulator if its termination to origination access minutes exceeds 6:1.²

IDT is equally concerned that the Commission appears to be favoring certain business models over others. As noted above, IDT, in its capacity as a CLEC as well as a conference call provider does not engage in the activities which the Commission seeks to curtail with this Draft Order, yet we are aware that the Commission favors the pay-as-you-go conference calling model over the free-to-the-consumer model. We do not think this is the Commission's role to play.

And finally, IDT is concerned about how the law of unintended consequences might come into play as a result of the Commission's hasty, broad strokes. For example, several filers have indicated that the Commission's proposal will impact many RLECs, including those who do not (intentionally) engage in what the Commission proposes to define as "access stimulation." What will be the impact of lost access revenue (as well as additional costs) on these providers? The Commission estimates that the traffic it ceases to halt results in \$60 to \$80 million annually. What happens to RLECs when this \$60 to \$80 million revenue stream dries up (effectively) overnight. And this revenue loss needs to be compounded with the prospective additional access costs placed upon these same RLECs. Will the RLECs ability to serve their end user customers be harmed? Will this cause these RLECs to rely on subsidies *via* the Universal Service Fund to a greater degree in order to maintain service? Will the ultimate result of this policy revision simply be to take money from consumers via increased Universal Service Fund charges? Given the extraordinary increase in the USF Contribution Factor, IDT, as a matter of course, opposes any policy decisions which reduce competitive opportunities and increase reliance on government subsidies.

In sum, for the reasons stated herein and by other commenters, IDT respectfully requests that the Commission remove WC Docket No. 18-155 from its September 26, 2019 Open Commission Meeting Agenda so that certain policy decisions and rule changes presented in the Commission's Draft Order can be reviewed and revised.

Sincerely,

/s/ Carl Billek

Carl Billek
IDT America, Corp.

² Such reconsideration should include addressing whether *any* numerical ratio is appropriate. Is a 7:1 or 8:1 ratio somehow more reasonable than 6:1? Based on what? Several commenters have presented numerous reasons why ratios can be misleading or, in the alternative, why they may not be reflective of access arbitrage.